

## Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05

SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02

OMB-01 DOE-15 /124 W

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P 260429Z JUN 78

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9086

INFO USMISSION GENEVA

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DEPT PASS STR ELECTRONICALLY

USMTN

E.O. 11652: N/A

TAGS: EPAP, ETRD, MTN, JA

SUBJECT: JAPANESE FOREST AGENCY REVISING LUMBER DEMAND

FORECASTS FOR THE USE OF DOMESTIC PRODUCERS AND IMPORTERS

1. SUMMARY: GOJ OFFICIALS HAVE CLARIFIED REPORT IN YOMIURI, JUNE 23, THAT "GOVERNMENT" PLANNING TO SET UP GUIDELINES TO RESTRICT LUMBER IMPORTS EFFECTIVE NEXT MONTH. MAFF WOULD APPARENTLY LIKE TO INDUCE IMPORTERS TO HOLD BACK ON IMPORTS, BUT MITI AND MOFA SEEM TO UNDERSTAND THAT ANY SUCH ACTION WOULD BE HARMFUL. SUGGEST USG REPRESENTATIVES WHO WILL BE MEETING WITH JAPANESE FOREST PRODUCTS MISSION BE BRIEFED ON THIS ISSUE. END SUMMARY.

2. M. SHIBASAKI, CHIEF OF THE DEMAND AND SUPPLY OFFICE OF THE MINISTRY OF AGRICULTURE, FORESTRY, AND FISHERIES  
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(MAF), TOLD EMBOFF THAT YOMIURI PRESS REPORT (JUNE 23) THAT GOJ WAS MAKING MOVES TO RESTRICT LUMBER IMPORTS WAS INACCURATE. HOWEVER, HE SAID MAFF WAS PLANNING TO CALL A MEETING OF MAFF OFFICIALS, DOMESTIC LUMBER PRODUCERS, AND LUMBER IMPORTERS TO DISCUSS THE PROBLEMS EXCESS SUPPLIES ARE CAUSING FOR DOMESTIC PRODUCERS. AT THE MEETING, HE SAID, AN ATTEMPT WILL BE MADE TO REACH

A CONSENSUS AS TO WHAT JAPAN'S LUMBER DEMAND WILL BE THIS YEAR, SUBJECT TO REVIEW QUARTERLY. "WE HOPE," HE NOTED, "THAT THE TRADING COMPANIES WILL THEN BASE THEIR IMPORTS ON THIS DEMAND AND IMPORT ONLY THAT (LUMBER) NEEDED WHICH EXCEEDS DOMESTIC PRODUCTION." SHIBASAKI STRESSED THAT ALL COMPLIANCE WOULD BE VOLUNTARY, BECAUSE "THESE ARE PRIVATE COMPANIES AND WE HAVE NO CONTROL OVER THEM."

3. S. WATANABE, DEPUTY DIRECTOR OF THE FORESTRY AGENCY'S PLANNING DIVISION, TOLD EMBOFF THAT THE "FORESTRY AGENCY WILL NOT BE AGAINST IMPORTS OF FINISHED PRODUCTS AS LONG AS THERE IS A DEMAND FOR THEM IN JAPAN." MAFF, HE SAID, WAS UNDER HEAVY POLITICAL PRESSURE FROM THE DIET AND DOMESTIC PRODUCERS TO REDUCE FOREST PRODUCT PRICE FLUCTUATIONS. THEREFORE, MAFF CONDUCTED A STUDY WHICH CONCLUDED PRICE INSTABILITY WAS A RESULT OF IMPERFECT DEMAND FORECASTS OF DOMESTIC PRODUCERS AND USERS. IN AN ATTEMPT TO INCREASE ACCURACY OF FORECASTS, MAFF, BEGINNING IN JULY, WILL COLLECT INDUSTRY FOREST PRODUCT DEMAND PROJECTIONS FROM ALL LEVELS, INCLUDING IMPORTERS, AND EVERY THREE MONTHS PUBLISH PROJECTIONS OF DEMAND FOR THE NEXT YEAR. MAFF HOPES THAT USERS WILL THEN BE ABLE TO PLAN PRODUCTION AND IMPORTS MORE RATIONALLY AND SMOOTH OUT PRICE FLUCTUATIONS. NO ADMINISTRATIVE GUIDANCE IS PLANNED, HE NOTED.

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4. A MITI OFFICIAL SAID HE KNEW OF THE MAFF PLAN AND VERIFIED THAT IT COULD BECOME A BASIS FOR ADMINISTRATIVE GUIDANCE. HOWEVER, HE SAID MITI WOULD OPPOSE ANY PART OF THE PLAN THAT MIGHT LEAD TO IMPORT RESTRAINTS. THE FOREIGN MINISTRY ALSO VOICED THEIR OPPOSITION TO SUCH A PLAN.

5. COMMENT: THIS IS AN EXAMPLE OF ONE GOJ AGENCY APPARENTLY CONSIDERING ACTIONS AFFECTING IMPORTS WITHOUT CONSIDERING AVOWED GOJ TRADE POLICY. THE FORESTRY AGENCY HAS PROVIDED ALL THE FRAMEWORK NECESSARY FOR "ADMINISTRATIVE GUIDANCE" IN THE FUTURE, IF A DECISION IS MADE TO ISSUE IT. WE UNDERSTAND M. WAKO OF THE FORESTRY AGENCY, WORKED ON THIS PLAN. WAKO IS CURRENTLY IN U.S. WITH JAPANESE FOREST PRODUCTS MISSION. USG REPS MAY THEREFORE WISH TO DISCUSS ISSUE WITH HIM. MANSFIELD

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
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